

Message Text

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ACTION EA-07

INFO OCT-01 EUR-10 ISO-00 IO-03 SWF-01 AID-05 CEA-01

CIAE-00 COME-00 EB-03 FRB-01 INR-10 NSAE-00 RSC-01

CIEP-01 SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01

OMB-01 DRC-01 TAR-01 PA-01 PRS-01 USIA-04 AGR-03 L-02

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R 100845Z OCT 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 4823

INFO AMEMBASSY BANGKOK

AMEMBASSY BRUSSELS

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

USUN NEW YORK 820

USEC BRUSSELS

AMCONSUL SURABAYA

AMCONSUL MEDAN

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E.O. 11652: N/A

TAGS: ECON ID

SUBJECT: SOAMES MEETING WITH ASEAN MINISTER ON
EEC/ASEAN TRADE

REF: STATE 216117

INTRODUCTION AND SUMMARY: CRISOPHER SOAMES, EEC COM-
MISSIONER FOR FOREIGN AFFAIRS, MET WITH ASEAN TRADE
MINISTERS IN JAKARTASEPTEMBER 24-25 TO CONTINUE DIALOGUE
ON TRADE AND ECONOMIC COOPERATION WHICH ASEAN AND EEC
HAVE CONDUCTED SINCE 1971. MINISTERIAL MEETING
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ACCOMPANIED BY SESSIONS BETWEEN TECHNICAL STAFFS WHICH

DISCUSSED ASEAN PROPOSALS FOR REDUCED EEC TARIFFS ON CERTAIN ASEAN COMMODITY EXPORTS. MEETINGS WERE BILLED AS DISCUSSIONS ONLY, AND NO DECISIONS ON SPECIFIC ISSUES WERE REACHED; BUT SOAMES AND MINISTERS AGREED TO ESTABLISH JOINT ASEAN-EEC STUDY GROUP TO A) EXPLORE UNUSED OPPORTUNITIES FOR INCREASING ASEAN EXPORTS TO EEC WITHIN EXISTING TARIFF STRUCTURE, AND B) DISCUSS POSSIBLE NEW EEC TARIFF CONCESSIONS FOR ASEAN PRODUCTS. SOAMES REPORTEDLY IMPRESSED WITH SOLIDARITY OF ASEAN NATIONS; BUT HE WAS ALSO STRUCK BY ASEAN'S LIMITED UNDERSTANDING OF EEC TARIFF REGIME. ASEAN DELEGATES REPORTEDLY ENCOURAGED BY SOAMES' INTEREST IN STRENGTHENING TRADE AND INSTITUTIONAL LINKS, PERHAPS IN FORM OF TREATY, ALTHOUGH THEY ARE AWARE OF LIMITATIONS, WHICH SOAMES NOTED, IMPOSED BY EEC'S SPECIAL RELATIONSHIP WITH ASSOCIATED STATES. FOLLOWING BASED ON CONVERSATIONS WITH BRITISH EMBASSY AND GOI SOURCES AND JAKARTA PRESS REPORTS. END SUMMARY.

1. IN OPENING SPEECH AT MINISTERIAL MEETING WITH SOAMES SEPTEMBER 25, GOI TRADE MINISTER RADIUS PRAWIRO, WHO IS ALSO CURRENT CHAIRMAN OF SPECIAL COORDINATING COMMITTEE FOR ASEAN (SCCAN) WHICH COORDINATES EEC-ASEAN MATTERS, MADE FOLLOWING POINTS: ASEAN NATIONS ARE DETERMINED TO UNITE TO STABILIZE RAW MATERIALS PRICES AND OBTAIN JUST RETURNS, ALTHOUGH THERE IS NO DESIRE TO "BLACKMAIL" CONSUMER NATIONS; ASEAN WELCOMES EEC'S 1972 PARIS DECLARATION PROMISING COOPERATION WITH NON-ASSOCIATED LDC'S AND PLACES HIGH VALUE ON RELATIONSHIP WITH EEC; RECENT EEC AGREEMENTS WITH AFRICAN, CARIBBEAN, PACIFIC AND ARAB STATES ON TRADE AND OTHER MATTERS HAVE CAUSED CONCERN IN ASEAN; ASEAN DESIRES 50 PER CENT REDUCTION OF EEC TARIFFS ON VEGETABLE OILS, INCLUDING PALM OIL, PALM KERNEL OIL AND COCONUT OIL, RATHER THAN CONVERSION OF PRESENT AD VALOREM DUTIES AS PROPOSED BY EEC; BECAUSE OF INJURIOUS COMMODITY PRICE FLUCTUATIONS, ASEAN NATIONS ALSO DESIRE COMPLETE EXEMPTION FROM DUTIES WHEN PRICES DROP BELOW CERTAIN FLOOR PRICE.

2. MOST OF ABOVE POINTS WERE INCLUDED IN ASEAN MEMORANDUM ALREADY SUBMITTED TO EEC IN 1973 BY ASEAN BRUSSELS COMMITTEE LIMITED OFFICIAL USE

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(ABC) COMPOSED OF ASEAN NATION AMBASSADORS IN BRUSSELS. THE PROPOSALS WERE DISCUSSED AGAIN AT TECHNICAL MEETINGS WHICH ACCOMPANIED SOAMES' MEETING WITH TRADE MINISTERS. ALSO DISCUSSED WAS ASEAN PROPOSAL -- ORIGINATED BY SINGAPORE -- FOR CUMULATIVE RULE OF ORIGIN UNDER WHICH GOODS WHICH DERIVE WHOLLY OR PARTIALLY FROM ANY ASEAN COUNTRY WOULD BE DEEMED TO ORIGINATE FROM COUNTRY OF EXPORT.

3. ACCORDING UK EMBASSY MINISTER AND ECONOMIC COUNSELOR O'KEEFE WHO BRIEFED EMBOFFS ON SOAMES VISIT OCTOBER 4, SOAMES WAS IMPRESSED WITH SOLIDARITY OF ASEAN NATIONS, EVEN ON MATTERS IN WHICH THEIR INTERESTS APPEAR TO DIFFER, E.G. MALAYSIA STRONGLY SUPPORTED SINGAPORE PITCH FOR CUMULATIVE RULE OF ORIGIN EXCEPTION. SOAMES WAS ALSO POSITIVE ABOUT DEVELOPING INSTITUTIONAL LINKS WITH ASEAN, PERHAPS LEADING EVENTUALLY TO EEC-ASEAN TREATY. HE TOLD MINISTERS EEC WAS INTERESTED IN INCREASING TRADE WITH ASEAN UNDER EXISTING TARIFF REGIME BY FULLER USE OF MANY OPPORTUNITIES AVAILABLE. HE ALSO INDICATED EEC MIGHT BE PREPARED TO MAKE NEW TARIFF CONCESSIONS TO ASEAN, ALTHOUGH SPECIAL POSITION OF ASSOCIATED STATES WAS "REALITY" THAT ASEAN MUST RECOGNIZE.

4. SOAMES SAID PRIVATELY AFTER MEETINGS THAT HE WAS STRUCK BY LACK OF TECHNICAL KNOWLEDGE WITHIN ASEAN CONCERNING EC'S COMPLEX TARIFF REGIME. HE STRESSED TO MINISTERS THAT THERE ARE MANY UNEXPLOITED OPPORTUNITIES FOR INCREASED EXPORTS WITHIN EXISTING STRUCTURE (E.G. PINEAPPLE RINGS ARE EXCLUDED FROM GSP AS CONCESSION TO TERRITORY OF REUNION, BUT PINEAPPLE CHUNKS CAN BE IMPORTED DUTY FREE).

5. TO CORRECT HIS LACK OF TECHNICAL KNOWLEDGE, SOAMES AND MINISTERS AGREED IN PRINCIPLE TO ESTABLISH JOINT ASEAN-EEC STUDY GROUP WHOSE PURPOSE WILL BE TO MAKE ASEAN EXPORTERS BETTER AWARE OF EXISTING LOOPHOLES AND OPPORTUNITIES OF EEC REGIME. STUDY GROUP WILL ALSO EXAMINE ASEAN PROPOSALS FOR NEW CONCESSIONS TO ASEAN PRODUCTS.

6. MR. JUMIRIN OF GOI FONDEP'S ASEAN SECRETARIAT WHO LIMITED OFFICIAL USE

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ATTENDED MEETING WITH SOAMES, TOLD EMBOFFS OCTOBER 8 THAT IT IS NOT YET CLEAR WHETHER STUDY GROUP WILL HAVE PERMANENT STAFF OR WHERE IT WILL MEET. JUMIRIN SAID ASEAN DELEGATES WERE ENCOURAGED BY EEC'S APPARENT WILLINGNESS EXPRESSED BY SOAMES TO COLLABORATE ON EXPANDED EEC-ASEAN TRADE, ALTHOUGH HE SAID ASEAN NATIONS ARE AWARE THAT SPECIAL POSITION OF ASSOCIATED STATES LIMITS EEC CONCESSIONS IN SOME AREAS. HE SAID ASEAN DELEGATES WERE ALSO IMPRESSED BY EVIDENT EEC INTEREST IN CLOSE INSTITUTIONAL LINK WITH ASEAN, PERHAPS THROUGH TREATY OF TYPE EEC HAS SIGNED WITH INDIA AND OTHER GROUPS OF STATES.
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